James River Coal Company Reports Fourth Quarter and Full Year 2011 Operating Results

01.03.2012 | PR Newswire

- Annual Coal Sales Revenue Reach a Record of \$1.1 billion
- Q-4 Adjusted EBITDA of \$44.2 Million
- Q-4 Cash Margin of \$20.79 Per Ton in Central Appalachia (CAPP)
- Maintaining a Strong Balance Sheet with Available Liquidity of \$236.9 Million
- Reached Agreements to Sell 2.8 Million Tons of CAPP Coal at \$115.82 a Ton in 2012
- Substantially Sold Out of Thermal Coal for 2012
- Conference Call Slides Posted to the Company Website

RICHMOND, Va., March 1, 2012 /PRNewswire/ -- James River Coal Company

, today announced that it had a net loss of \$39.1 million or \$1.19 per fully diluted share for the year ended December 31, 2011 and a net loss of \$28.5 million or \$0.82 per fully diluted share for the fourth quarter of 2011. Included in the year ended December 31, 2011 is an income tax expense adjustment related to a valuation allowance placed on the Company's deferred tax assets of \$26.8 million or \$0.82 per fully diluted share for the fourth quarter. This is compared to net income of \$78.2 million or \$2.82 per fully diluted share for the year ended December 31, 2010 and net income of \$25.9 million or \$0.93 per fully diluted share for the fourth quarter of 2010. Included in the year ended December 31, 2010 is an income tax benefit related to the reversal of the deferred income tax valuation allowance of \$22.1 million, or \$0.80 per fully diluted share and \$0.79 per fully diluted share for the fourth quarter.

Peter T. Socha, Chairman and Chief Executive Officer, commented: '2011 was a year of transformation for James River Coal Company. We continued the process to grow and diversify our company. We expanded

12.11.2025 Seite 1/20

our presence in both the metallurgical coal segment and the international coal markets. In the operations area, we achieved industry-leading performance in both safety and regulatory compliance. In the financial area, we strengthened our balance sheet by refinancing all of our funded debt and substantially improving our liquidity position. While we are cautious and realistic about the current soft market conditions, we are also optimistic that James River will be well positioned for improving markets in the future.'

ANNUAL RESULTS

The following tables show selected operating results for the year ended December 31, 2011 compared to the year ended December 31, 2010 (in 000's except per ton amounts).

Total Results		Year Ended	d December 31,	
		2011		2010
	Total	Per Ton	Total	Per Ton
Company and contractor production (tons) Coal purchased from other	10,254		8,782	
sources (tons)	1,605		128	
Total coal available to ship				
(tons)	11,859 11,801		8,910 8,919	
Coal shipments (tons)	,		5,5-5	
	\$1,105,370	\$93.67	\$698,949	\$78.45
Coal sales revenue				
Freight and handling revenue		6.13	•	0.24
Cost of coal sold		76.73		57.44
Freight and handling costs	72,285	6.13	2,167	0.24
Depreciation, depletion, &	100 014	0.00	64.260	-
amortization	, -	9.23		7.22
Gross profit	90,974	7.71	122,233	13.70
Selling, general & administrative	E7 070	4.84	20 247	4.30
	- ,		30,34/	4.30
Acquisition costs	0,304	0.72	-	_
Adjusted EBITDA plus				
acquisition costs (1)	\$154,571	13.10	\$156,628	17.56

adjusted EBITDA is used to determine compliance with financial covenants in our revolving credit facility.

12.11.2025 Seite 2/20

Adjusted EBITDA plus acquisition costs is defined under 'Reconciliation (1) of Non-GAAP Measures' in this release.

Adjusted EBITDA is used to determine compliance with financial

Segment Results			Yea	ar Ended De	cember 31,		
				2011			
		PP 		 lwest 		CAPP	
	Total	Per Ton	Total	Per Ton	Total	Per Ton	Total
Company and contractor production (tons) Coal purchased from other sources (tons)	7,823 1,605	2,431	5,962	2,82	0		
		_					
Total coal available to ship (tons)	9,428	2,431	6,090	2,82	0		
Coal shipments (tons)							
Steam (tons)	7,166		2,480		6,109		2,810
Metallurgical (tons)	2,155		_		_		
(Colls)							
Total Shipments (tons)	9,321		2,480		6,109		2,810
Coal sales revenue Steam Metallurgical	651,016 348,972		105,382	42.49	\$585,064 - -	95.77	113,885
Total coal sales revenue Freight		107.28			585,064	95.77	113,885
and handling revenue	69,778	7.49	2,507	1.01	-	-	2,16

12.11.2025 Seite 3/20

Cost of coal	011 550	0.7.07	02.000	25.05	410 564 60 60	00 50
sold Freight and handling	811,573	87.07	93,909	37.87	419,564 68.68	92,784
costs	69,778	7.49	2,507	1.01		2,167

12.11.2025 Seite 4/20

QUARTERLY RESULTS

The following tables show selected operating results for the quarter ended December 31, 2011 compared to the quarter ended December 31, 2010 (in 000's except per ton amounts).

Total Results	Three Mon	nths End	ed December 31,	
		2011		2010
			Total	
Company and contractor				
production (tons)	2,675		2,085	
Coal purchased from other				
sources (tons)	709		74	
m				
Total coal available to	2 204		0 150	
ship (tons)	3,384 3,304		2,159 2,069	
Coal shipments (tons)	3,304		2,009	
coar shipmenes (cons)	\$321.758	97.38	\$161,473	78.04
Coal sales revenue	4321 ,.33	27.00	4101/1/0	70101
Freight and handling				
revenue	35,420	10.72	577	0.28
Cost of coal sold	263,315	79.70	125,677	60.74
Freight and handling costs	35,420	10.72	577	0.28
Depreciation, depletion, &				
amortization			16,087	7.78
Gross profit	25,008	7.57	19,709	9.53
Selling, general &	16 552	F 01	0 400	4 54
administrative	16,553	5.01	9,400	4.54
Adjusted EBITDA plus				
acquisition costs (1)	\$44,155	13.36	\$28,479	13.76

12.11.2025 Seite 5/20

Adjusted EBITDA plus acquisition costs is defined under
(1) 'Reconciliation of Non-GAAP Measures' in this release.
Adjusted EBITDA is used to determine compliance with financial covenants in our senior secured credit facilities.

12.11.2025 Seite 6/20

Segment Results			Thre	e Month	s Ended December	31,	
				2011			
		APP		dwest		CAPP	
	Total	Per Ton	Total	Per Ton	Total	Per Ton	Total
Company and contractor production (tons) Coal purchased from other sources	2,120	555			713		
(tons)	709 	-	74 		-		
Total coal available to ship (tons) Coal shipments (tons)	2,829	555	1,446		713		
Steam (tons)	1,909		583		1,362		70
Metallurgical (tons)	812		_		-		
Total							
Shipments (tons) Coal sales	2,721		583		1,362		70
revenue Steam Metallurgical	\$173,274 123,894	90.77 152.58	24,590	42.18	\$133,465 -	97.99	28,00
Total coal sales revenue Freight and	297,168	109.21	24,590	42.18	133,465	97.99	28,00
handling revenue Cost of	34,705	12.75	715	1.23	-	-	51
coal sold Freight and	240,598	88.42	22,717	38.97	102,345	75.14	23,31
handling costs	34,705	12.75	715	1.23	-	-	51

12.11.2025 Seite 7/20

SAFETY

During the fourth quarter our Rockhouse Creek No. 8 and No. 2 Mines won the Mountaineer Guardian Award, presented by the West Virginia Coal Association in recognition of the outstanding safety record. 'We are very proud of our employees who work very hard to make James River a safe place to work,' commented C.K. Lane, Chief Operating Officer. 'James River Coal Company's 2011 Non Fatal Days Lost (NFDL) rate was 17% lower than our 2010 rate and 39% below the national average. In addition, we had 14 operations receive Sentinel of Safety Awards for not having a lost time accident in a year.'

LIQUIDITY AND CASH FLOW

As of December 31, 2011, the Company had available liquidity of \$236.9 million calculated as follows (in millions):

Unrestricted Cash Availability under the revolver Letters of Credit Issued under the	\$199.7 100.0
Revolver	(62.8)
Available Liquidity	\$236.9
Restricted Cash	\$29.5

Capital Expenditures for the fourth quarter were \$43.3 million and were \$138.5 million for twelve months ended December 31, 2011.

SALES POSITION

As of February 29, 2012, we had the following priced sales position:

12.11.2025 Seite 8/20

				Priced		
		November 7, 2011	As of	 February 29, 2012		Change
		Avg Price	Tons	Avg Price	Tons	Avg Price
		Per Ton		Per Ton		Per Ton
CAPP (1)	5,104	\$82.55	7,917	\$94.37	2,813	\$115.82
Midwest (2)	2,776	\$44.16 	2,776		-	\$-
			2013 Pri			
		vember 7, 2011				ange
	Tons	Avg Price	Tons	Avg Price	Tons	Avg Price
		Per Ton		Per Ton		Per Ton
	1,337	\$80.45	1,337	\$80.45	-	\$-
Midwest (2)	2,140	\$45.35 	2,140		-	\$-
			2014 Pri			
		2011	As of Febru	uary 29, 2012		ange
		Avg Price		Avg Price		Avg Price
		Per Ton		Per Ton		Per Ton
CAPP (1)	300	\$75.75	300	\$75.75	-	\$-
 Midwest (2)	700	\$49.00	700	\$49.00	-	\$-

⁽¹⁾ Priced Tons in CAPP do not include approximately 700,000 tons of met coal that has been sold but not yet priced

2012 GUIDANCE

The guidance contained below represents forecasts, which indicate a range of possible outcomes and are provided to assist investors with the development of earnings estimates. While James River believes that these forecasts represent the best current estimate of management as to future events, actual events will differ from these forecasts, and such differences could be material. These forecasts are subject to risks

12.11.2025 Seite 9/20

⁽²⁾ The prices for the Midwest are minimum base price amounts adjusted for projected fuel escalators.

identified under 'forward-looking statements' below.

Guidance By Segment (In 000's except per ton amount)

	Tons S	Shipped	d (1)	Cas	h C	ost (2)
Central Appalachia						
mb						
Thermal, Stoker and PCI			6,700	\$74.00	_	76.00
Metallurgical			2,800	\$108.00	-	112.00
Midwest	2,700	_	2,800	\$34.00	_	38.00

- (1) Substantially all the CAPP tons that are currently unsold or unpriced consist of met, PCI, and industrial stoker.
- (2) Cash costs per produced ton excludes purchase coal.

Total JRCC Operations (In 000's except tax rate)

Depreciation, Depletion and Amortization Tax Rate	\$132,000 0%
Capital Expenditures Maintenance and Safety Capital Completion of Ongoing Projects	\$110,000 15,000
	 \$125,000

MISCELLANEOUS

The following additional items had an impact on our results of operations and balance sheet during the fourth quarter of 2011:

-- Due to changes in the current coal markets, we reduced the book value of our deferred tax asset. This resulted in a \$26.8 million adjustment to income tax expense in the fourth quarter.

12.11.2025 Seite 10/20

- -- We recorded additional expense of a net of \$1.3 million during the quarter related to workers' compensation. This amount included \$3.5 million of increased expense due to a reduction in the discount rate, due to lower market interest rates. This was partially offset by a \$2.2 million positive impact due to improved safety performance at the mines and the management of the workers' compensation claim process.
- -- We recorded an increase in our pension obligation and black lung benefits obligation of \$19.6 million and \$10.2 million, respectively, in the fourth quarter. These increases are primarily attributed to a decrease in discount rates, due to lower market interest rates. These adjustments had no income statement impact.

CONFERENCE CALL, WEBCAST AND REPLAY: The Company will hold a conference call with management to discuss the fourth quarter earnings on March 1, 2012 at 11:00 a.m. Eastern Time. The conference call can be accessed by dialing 877-340-2553, or through the James River Coal Company website at http://www.jamesrivercoal.com. International callers, please dial 678-224-7860. A replay of the conference call will be available on the Company's website and also by telephone, at 855-859-2056 for domestic callers. International callers, please dial 404-537-3406: pass code 41616568.

James River Coal Company is one of the leading coal producers in Central Appalachia and the Illinois Basin. The company sells metallurgical, bituminous steam and industrial-grade coal to electric utility companies and industrial customers both domestically and internationally. The Company's operations are managed through eight operating subsidiaries located throughout eastern Kentucky, southern West Virginia and southern Indiana. Additional information about James River Coal can be found at its web site www.jamesrivercoal.com

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FORWARD-LOOKING STATEMENTS: Certain statements in this press release and other written or oral statements made by or on behalf of us are 'forward-looking statements' within the meaning of the federal securities laws. Statements regarding future events and developments and our future performance, as well as management's expectations, beliefs, plans, estimates or projections relating to the future, are forward-looking statements within the meaning of these laws. Forward looking statements include, without limitation, statements regarding future sales and contracting activity, projected fuel escalators and all guidance figures. These forward-looking statements are subject to a number of risks and uncertainties. These risks and uncertainties include, but are not limited to, the following: our cash flows, results of operation or financial condition; the consummation of acquisition, disposition or financing transactions and the effect thereof on our business; our ability to successfully integrate International Resource Partners LP and its related entities (IRP); governmental policies, regulatory actions and court decisions affecting the coal industry or our customers' coal usage; legal and administrative proceedings, settlements, investigations and claims; our ability to obtain and renew permits necessary for our existing and planned operation in a timely manner; environmental concerns related to coal mining and combustion and the cost and perceived benefits of alternative sources of energy; inherent risks of coal mining beyond our control, including weather and geologic conditions or catastrophic weather-related damage; our production capabilities; availability of transportation; our ability to timely obtain necessary supplies and equipment; market demand for coal, electricity and steel; competition; our relationships with, and other conditions affecting, our customers; employee workforce factors: our assumptions concerning economically recoverable coal reserve estimates: future economic or capital market conditions; our plans and objectives for future operations and expansion or consolidation; and the other risks detailed in our reports filed with the Securities and Exchange Commission (SEC). Management believes that these forward-looking statements are reasonable; however, you should not place undue reliance on such statements. These statements are based on current expectations and

12.11.2025 Seite 11/20

speak only as of the date of such statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of future events, new information or otherwise.

CONTACT: James River Coal Company

Elizabeth M. Cook Director of Investor Relations

(804) 780-3000

JAMES RIVER COAL COMPANY AND SUBSIDIARIES Consolidated Balance Sheets (in thousands, except share data)

	December 31, 2011
Assets	
Current assets: Cash and cash equivalents Trade receivables Inventories:	\$199,73 107,557
Coal Materials and supplies	52,717 17,800
Total inventories	70,517
Prepaid royalties Other current assets	8,465 11,461
Total current assets	397,711
Property, plant, and equipment, net Goodwill Restricted cash and short term investments Other assets	909,294 26,492 29,510 41,575
Total assets	\$1,404,582
Liabilities and Shareholders' Equity Current liabilities: Accounts payable Accrued salaries, wages, and employee benefits Workers' compensation benefits Black lung benefits Accrued taxes Other current liabilities	\$110,557 12,996 9,200 2,512 7,563 27,861
Total current liabilities	170,689
Long-term debt, less current maturities Other liabilities: Noncurrent portion of workers' compensation benefits Noncurrent portion of black lung benefits Pension obligations	582,193 60,721 56,152 29,121
Asset retirement obligations	94,654

12.11.2025 Seite 12/20

Other	14,390
Total other liabilities Total liabilities	255,038 1,007,920
Commitments and contingencies Shareholders' equity:	
Preferred stock, \$1.00 par value. Authorized 10,000,000 shares Common stock, \$.01 par value. Authorized 100,000,000 shares; issued and outstanding	-
35,671,953 and 27,779,351 shares as of December 31, 2011 and December 31, 2010	357
Paid-in-capital	541,362
Accumulated deficit	(97,682)
Accumulated other comprehensive loss	(47,375)
Total shareholders' equity	396,662
Total liabilities and shareholders' equity	\$1,404,582 =======

12.11.2025 Seite 13/20

12.11.2025 Seite 14/20

JAMES RIVER COAL COMPANY AND SUBSIDIARIES Consolidated Statements of Operations (in thousands, except share data)

	Yea	r Ended December	31,
	2011	2010	200
Revenues			_
Coal sales			
revenue	\$1,105,370	698,949	678,56
Freight and	70 005	0 167	2 0
handling revenue	72,285 	2,167 	2,99
Total revenue Cost of sales:	1,177,655	701,116	681,5
Cost of coal sold Freight and	905,482	512,348	505,89
handling costs Depreciation, depletion and	72,285	2,167	2,99
amortization	108,914	64,368	62,0
Total cost of sales	1,086,681	578,883 	 570,96
Gross profit	90,974	122,233	110,59
Selling, general and administrative			
and administrative expenses	57,078	38,347	39,72
Acquisition costs	8,504	-	~-,
Total operating	25 202	02 006	70 01
income	25,392 	83,886	70,8°
Interest expense	50,096	29,943	17,09
Interest income	(494)	(683)	(6
Charges associated			
with repayment of	740		1 6
debt Miscellaneous	740	-	1,64
<pre>(income) expense,</pre>			
net	(812)	27	(28
Total other	40 520	00 007	10 2
expense, net	49,530 	29,287 	18,39
Income (loss)			
before income			
taxes	(24,138)	54,599	52,51
<pre>Income tax expense (benefit)</pre>	14,951	(23,566)	1,59
(Delier 10)	14,931	(23,300)	
Net income (loss)	\$(39,089)	78,165	50,99
Earnings (loss) per common share Basic earnings			
(loss) per	č/1 10\	2 02	1 (
common share	\$(1.19)	2.82	1.8
Diluted earnings			
(loss) per			
common share	\$(1.19)	2.82	1.8

12.11.2025 Seite 15/20

12.11.2025 Seite 16/20

JAMES RIVER COAL COMPANY
AND SUBSIDIARIES
Consolidated Statements of Cash 1
(in thousands)

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Cash flows from operating activities:
 Net income (loss)
 Adjustments to reconcile net income (loss) to net cash
  provided by
    operating activities
      Depreciation, depletion, and amortization
     Accretion of asset retirement obligations
     Amortization of debt discount and issue costs
      Stock-based compensation
     Deferred income tax expense (benefit)
     Loss (gain) on sale or disposal of property, plant, and
       equipment
      Write-off of deferred financing costs
      Changes in operating assets and liabilities:
        Receivables
        Inventories
        Prepaid royalties and other current assets
        Restricted cash and short term investments
        Other assets
        Accounts payable
        Accrued salaries, wages, and employee benefits
        Accrued taxes
        Other current liabilities
        Workers' compensation benefits
        Black lung benefits
        Pension obligations
        Asset retirement obligations
        Other liabilities
                Net cash provided by operating activities
Cash flows from investing activities:
  Additions to property, plant, and equipment
  Payment for acquisition, net of cash acquired
 Proceeds from sale of property, plant and equipment
                Net cash used in investing activities
Cash flows from financing activities:
 Proceeds from issuance of long-term debt
 Repayment of long-term debt
 Proceeds from Revolver
 Repayments of Revolver
 Net proceeds from issuance of common stock
 Debt issuance costs
 Proceeds from exercise of stock options
                 Net cash provided by (used in) financing
                 activities
                Increase in cash and cash equivalents
Cash and cash equivalents at beginning of period
Cash and cash equivalents at end of period
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12.11.2025 Seite 17/20

JAMES RIVER COAL COMPANY
AND SUBSIDIARIES

Reconciliation of Non-GAAP Measures (in thousands) (unaudited)

EBITDA is used by management to measure operating performance. We define EBITDA as net income or loss plus interest expense (net), income tax expense (benefit) and depreciation, depletion and amortization (EBITDA), to better measure our operating performance. We regularly use EBITDA to evaluate our performance as compared to other companies in our industry that have different financing and capital structures and/or tax rates. In addition, we use EBITDA in evaluating acquisition targets.

Adjusted EBITDA is defined as EBITDA as further adjusted for certain cash and non-cash charges as specified in our revolving credit facility and is used in several of the covenants in that facility. Adjusted EBITDA plus acquisition costs further adjusts Adjusted EBITDA to add back certain non-recurring costs incurred in connection with the IRP acquisition that may not reflect the trend of future results. We believe that Adjusted EBITDA plus acquisition costs presents a useful measure of our ability to service and incur debt on an ongoing basis.

EBITDA, Adjusted EBITDA, and Adjusted EBITDA plus acquisition costs are not recognized terms under GAAP and are not an alternative to net income, operating income or any other performance measures derived in accordance with GAAP or an alternative to cash flow from operating activities as a measure of operating liquidity. Because not all companies use identical calculations, this presentation of EBITDA, Adjusted EBITDA, and Adjusted EBITDA plus acquisition costs may not be comparable to other similarly titled measures of other companies. Additionally, EBITDA, Adjusted EBITDA, and Adjusted EBITDA plus acquisition costs are not intended to be a measure of free cash flow for management's discretionary use, as they do not reflect certain cash requirements such as tax payments, interest payments and other contractual obligations.

12.11.2025 Seite 18/20

	Three Months Ended		Twelve Months Ended	
		December D 31 2010		
Net income (loss) Income tax expense	\$(28,542)	25,870	(39,089)	78,165
(benefit) Interest expense Interest income Depreciation,	23,951 13,423 (138)	7,516	50,096	(23,566) 29,943 (683)
depletion, and amortization EBITDA (before	33,435	16,087		64,368
adjustments)	\$42,129 	26,498 	134,378	148,227
Other adjustments specified in our current debt agreement: Direct acquisition costs		_	8,504	
Charges associated with repayment of	_	_	·	_
debt Other	2,026 	1,981 	740 8,200 	8,401
Adjusted EBITDA Write-up of IRP	\$44,155	28,479	151,822	156,628
Inventory Adjusted EBITDA plus acquisition	-	-	2,749	-
costs	\$44,155 ======	28,479 =====	154,571 ======	156,628 ======

In addition, in this press release we are presenting below our earnings per share before acquisition and refinancing expenses for the fourth quarter and year ending December 31, 2011. As we do not routinely engage in transactions of the magnitude of the IRP acquisition or the refinancing of our debt, and consequently do not regularly incur transaction-related expenses of similar size, we believe presenting earnings per share excluding acquisition and refinancing expenses provides investors with an additional measure of our core operating performance. Charges related to the IRP acquisition and refinancing of our debt included in our results of operations are as follows:

12.11.2025 Seite 19/20

	Three months ended December 31, 2011	Twelve months ended December 31, 2011
Acquisition costs		8,504
Charges associated with repayment of debt	_	740
Amortization of contracts included in		
depreciation,		
depletion and amortization	2,418	5,935
Write-up to Fair Market Value of IRP's		
inventory at acquisition	-	2,749
Interest on repaid Senior Notes after new		0 244
financing completed	-	2,344
Total IRP acquisition and recapitalization	+0 410	00 000
expenses	\$2,418	20,272
	=====	=====
Earnings per share impact	\$0.07	0.62
J 1 1	=====	====

James River Coal Company

Web site: http://www.jamesrivercoal.com/

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12.11.2025 Seite 20/20